

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the City Administrator**



Public Hearing on

**Bill 25-184, the “Fiscal Year 2025 Budget Support Act of 2024”**

**Bill 25-785, the “Fiscal Year 2025 Local Budget Act of 2024”**

**Bill 25-786, the “Fiscal Year 2025 Federal Portion Budget Request Act of 2024”**

**Bill 25-787, the “Fiscal Year 2024 Revised Local Budget Emergency Act of 2024”**

**Bill 25-788, the “Fiscal Year 2024 Revised Local Budget Temporary Act of 2024”**

Written Testimony of:  
**Kevin Donahue**  
**City Administrator**

Before the

Committee of the Whole  
Phil Mendelson, Chairman

May 3, 2024

I am City Administrator Kevin Donahue and I have the privilege of serving as the City Administrator. I am providing written testimony on Mayor Muriel Bowser's proposed Fiscal Year (FY) 2025 Budget and financial plan, which includes the following legislation transmitted to the Council:

- the Fiscal Year 2025 Local Budget Act of 2024;
- the Fiscal Year 2025 Federal Portion Budget Request Act of 2024;
- the Fiscal Year 2025 Budget Support Act of 2024;
- the Fiscal Year 2025 Revised Local Budget Emergency Act of 2024; and
- the Fiscal Year 2025 Revised Local Budget Temporary Act of 2024.

I will begin with a few words on the Mayor's proposed FY 2025 budget – *A Fair Shot: Strategic Investments and Shared Sacrifice* – and then highlight several important provisions we included in the Budget Support Act.

### ***A Challenging Confluence of Post-COVID Fiscal Realities***

The Mayor's proposed FY 2025 Budget makes significant investments in our people and our economy by focusing on three pillars that are critical to our city's long-term growth: public schools, public safety, and Downtown. At the same time, the budget includes a number of difficult trade-offs necessary to balance our spending with available resources.

The FY 2025 budget was the District's most difficult budget since the Great Recession. We are confronting a serious and challenging confluence of post-COVID fiscal realities:

- Slower revenue growth mainly due to lower commercial property tax collections;
- The end of \$3.3 billion in federal stimulus funding;
- More than \$800 million in higher operating costs, including an additional \$200 million contribution to WMATA to help close their budget gap; and
- The ongoing impacts of a continued remote work environment.

These factors resulted in a \$4 billion budget gap across the four-year financial plan. A shortfall of this magnitude required us to take a close look at which programs we could afford to continue and which we needed to end. Our decisions were not made lightly. We carefully considered which programs have proven success, affecting our residents' health, safety, and wellbeing. At a time when resources are as constrained as they are, and the costs of fulfilling our most basic functions as a government are rising as fast as they are, we had to make some very difficult choices.

Formulating any city budget takes an incredible amount of work. With this year's extraordinary challenges, it was truly an arduous task. I want to thank the Mayor's Budget Team, our District Government agency directors and staff, and the Office of the Chief Financial Officer team for the intensive collaboration and the long hours required to deliver this year's budget.

### ***Focusing on the Pillars of Long-Term Growth***

In spite of the challenges we are facing this year, I am proud of the investments we were able to make in the things that will do the most to catalyze our long-term growth: public schools, public

safety, and Downtown DC. These investments build on the work we've been doing over the past few years and add to the successes we are seeing. I will quickly highlight a few investments.

### Public Schools

The Mayor's FY 2025 Budget continues our historic investments in public education. Since 2015, we have grown our public education budget from \$1.4 billion to \$2.7 billion. In those nine years, we implemented two historic collective bargaining agreements for our educators and continued to build on our reputation as the fastest improving urban school district in the country. The Mayor's budget continues those historic investments, including:

- \$2.2 billion to modernize 33 schools over the Capital Improvement Plan, plus an additional \$300 million to address HVAC, roof, and other important repairs;
- \$341 million increase in funding for our public schools;
- \$22 million to expand advanced technical education opportunities for our students; and
- \$4.8 million to continue our high impact tutoring program.

### Public Safety

Last summer, we implemented several key public safety interventions, and as a result, we are seeing trends move in the right direction: overall crime in our city is down 15%, violent crime is down 25%, and homicides are down 21%. In fact, we have rebounded from the pandemic era spikes and are comparable to where we were in 2019. The Mayor's budget builds on that momentum by:

- Fully funding the Metropolitan Police Department's requested hiring level to achieve a net gain in police officers for the first time in five years;
- Adding \$9 million to fund new Community Safety Officers and civilian positions to free up police officers for critical crime-fighting tasks;
- Adding \$7 million to significantly increase truancy interventions;
- Adding \$1 million to hire more 911 call takers and dispatchers;
- Adding \$4.6 million to fund key provisions of the Secure DC law; and
- Sustaining key investments started with federal relief funding, including Safe Passage, victim services, and violence interrupters.

### Downtown DC

Investments in Downtown DC are investments that directly benefit all eight wards. This is a critical time for our city's economic future as we work to attract, retain, and grow our business community. The Mayor's budget builds on what's working and uses the roadmaps we have in our Comeback Plan, Downtown Action Plan, and Public Realm Plan to make investments to drive inclusive economic growth, such as the District's Vitality Fund and office-to-residential conversions, and also includes:

- \$26 million to implement the BEST Act, making it easier and less costly for small businesses to operate in DC;

- \$13 million to temporarily freeze property taxes for conversions of Downtown office buildings into new uses;
- \$5 million to create a new Downtown Arts Hub;
- \$5 million to support World Pride in 2025;
- \$3 million to draw more festivals and events Downtown; and
- \$64 million for additional permanent supportive housing and shelter space on the site with the existing Federal City Shelter.

*Critical Budget Support Act Provisions*

I want to highlight a few Budget Support Act provisions we believe are critical to helping get the biggest return on our comeback, while maintaining progress on our shared values.

- **Investing in Downtown and our neighborhoods:** The BSA includes several subtitles that support Downtown revitalization and continued strength in our neighborhoods. For example, the Vitality Fund provision will strengthen our ability to attract new and emerging businesses to the District. And the Retail Recovery Grantmaking Authority provision will expand and improve our ability to support new businesses opening in vacant spaces. In addition, the Downtown Activation Program will provide an important tool to incentivize the conversion of Downtown office space into retail, educational, entertainment, cultural, and upgraded commercial uses. We believe these changes will help rebuild a vibrant Downtown and strengthen our neighborhood commercial corridors.
- **Making it easier to open and run a business in DC:** The BSA includes several subtitles to support District residents’ entrepreneurship and make it easier to do business in the District. One provision builds on our successful third-party building code inspection program by expanding the program to include several environmental provisions. This will speed up environmental reviews while maintaining important regulatory controls. Other BSA provisions support business by authorizing the waiver of some fees and fines for untimely renewal of business licenses and funding the BEST Act, which will streamline the business licensing process and make doing business in the District easier, less expensive, and more accessible.

I don’t want to get too far ahead of myself, but I will say that Deputy Mayor Nina Albert, Deputy Mayor Keith Anderson, and District agency teams are developing several other proposals to help simplify doing business in DC and increase our regional competitiveness.

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Thank you for the opportunity to provide written testimony on Mayor Bowser’s proposed FY 2025 Budget and financial plan.